



DEBRA K. DAVENPORT, CPA  
AUDITOR GENERAL

**STATE OF ARIZONA**  
**OFFICE OF THE**  
**AUDITOR GENERAL**

WILLIAM THOMSON  
DEPUTY AUDITOR GENERAL

April 10, 2006

The Honorable Laura Knaperek, Chair  
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair  
Joint Legislative Audit Committee

Dear Representative Knaperek and Senator Blendu:

Our Office has recently completed an 18-month followup of the Arizona Department of Environmental Quality—Water Quality Division regarding the implementation status of the 7 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in August 2004 (Auditor General Report No. 04-05). As the attached grid indicates:

- 2 have been implemented, and
- 5 are in the process of being implemented.

Our Office will continue to follow up at 6-month intervals with the Department on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Debbie Davenport  
Auditor General

DD:Acm  
Attachment

cc: Stephen A. Owens, Director  
Department of Environmental Quality

**DEPARTMENT OF ENVIRONMENTAL QUALITY**  
**Water Quality Division**  
**18-Month Follow-Up Report To**  
**Auditor General Report No. 04-05**

**FINDING 1: Division could improve its oversight of drinking water quality monitoring**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
1. The Division should research the costs and benefits of expanding its Monitoring Assistance Program to help small water systems carry out all of their testing requirements and come into compliance, thereby reducing the Division's compliance and enforcement workload.	<b>Implemented at 12 Months</b>	
2. After the Division decides whether to expand the Monitoring and Assistance Program, and any changes have taken effect, the Division should review its Drinking Water enforcement workload and staff levels to determine whether additional staff are needed.	Implementation in Process	

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**FINDING 2: Division should charge fees for drinking water plan reviews**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
1. To comply with A.R.S. §49-353 and lessen reliance on the State General Fund, the Division should establish, by administrative rule, fees for performing drinking water plan reviews.	Implementation in Process	
2. To establish the fees, the Division should begin tracking the hours it spends reviewing applications, and, in doing so, should consider using the forms and processes already used by other department plan review functions.	Implemented at 12 Months	

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**FINDING 3: Division has made significant progress in processing APP applications**

<b>Recommendation</b>	<b>Status of Implementing Recommendation</b>	<b>Explanation for Recommendations That Have Not Been Implemented</b>
This finding presents information only. Therefore, no recommendations are presented.		

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**FINDING 4: Division could more accurately recover APP costs**

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The Division should regularly recalculate its APP processing fees based on:		
a. Actual direct costs rather than on General Fund contributions; and	Implementation in Process	
b. Up-to-date estimates of direct costs and billable hours		
2. In light of generally accepted definitions of direct costs, the Division should charge for time traveling to permit sites.	Implementation in Process	
3. Once the Division has set its fee levels to accurately recoup its direct costs to process APP applications, it should ensure that its future General Fund appropriation requests to the Legislature reflect the true indirect costs.	Implementation in Process	